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GLOBAL MARKETING
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An in-depth report of theory vs. practice

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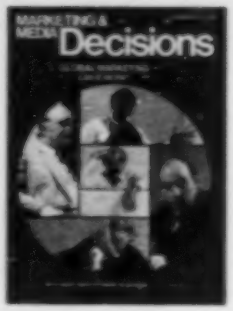

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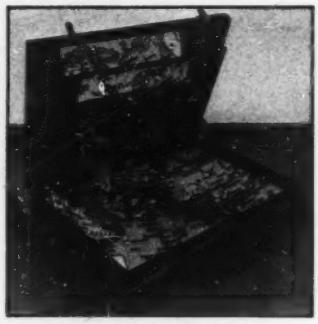

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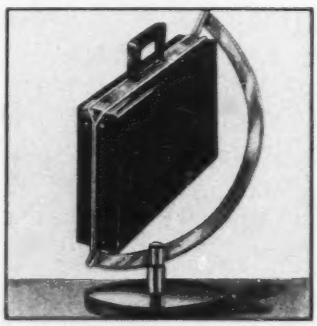

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FUTURES

Bleak days ahead for cellular phones

The market for cellular phones "will peak no later than mid-1985," warns Herschel Shosteck, president of Herschel Shosteck Associates, the Maryland-based cellular telephone analyst. He points out that 50% of the market is located in the top 30 U.S. markets, where cellular sales have already satisfied demand. In the remaining markets, he adds, there is not enough demand to warrant capital investment. As an example, he cites the Chicago area, where 10,000 users currently share the burden of a $3 million system: "It doesn't take much math to figure out that this translates into $50 a per month for capital costs," he says.

Prices for the telephones themselves have been dropping. Between competition from mobile phone companies and the limited availability of cellular services, says Shosteck, "next year should be a very good one for bankruptcy lawyers." The survivors, he notes, will be the ones who pattern themselves after the telephone companies — with a long-term investment, and slow-growth outlook — rather than those who "go in blind and expect to make money overnight."

Shopping patterns shift by categories

Shopping patterns among men and women vary with the items they purchase, according to a study by R.H. Bruskin, the New Brunswick, NJ-based market research firm. The survey, conducted among 1,007 adults, shows the highest concentration of shopping activity for food, where 63% of males make purchases during those three days.

But, cautions the study, while advertising tends to focus on those three days, a growing percentage of shoppers find there is no specific day when shopping is likely to occur. Women, for example, are likely to buy clothes on Thursday, Friday or Saturday (50%), but almost one-third (31%) do not shop on specific days. New car purchases are the most timeless: 39% of women are likely to buy a new car during those three days, but 45% cite no specific day for the purchase.

PC owners spur software sales

Owners of IBM PCs and PC compatibles buy $1,315 of software in the first year of ownership, according to a study on the PC software market by Frost & Sullivan, the New York-based market research firm. The study points out that the bulk of the purchase is made at the time the hardware is bought ($729).

The market for PC's and compatible software, which Joseph Savino, director of computer studies, estimates to be about $2 billion in 1984, is expected to boom to $12 billion in 1988. "In 1986," he points out, "sales in the first year after purchase alone will surpass the initial software sale." The aftermarket, currently at a $500 million annual level, will represent $8.6 billion by 1988, according to Savino.

Savino cautions that the figures paint a deceptively rosy picture of the software aftermarket and that personal computer users are becoming increasingly demanding of products they buy.

Investors distrust annual reports

Investors apparently take a rather bearish view on the comprehensiveness of annual reports. A recent study by Hill & Knowlton reports that investors, used to number-juggling and finger-pointing, distrust what management says in annual reports.

The study, conducted among 247 individual investors and 50 security analysts, found that annual reports are generally perceived as easy to understand but deceptive: almost 73% of the repondents accused annual reports of downplaying or hiding bad news. Most investors (92%) also agreed that annual reports are not informative enough on the company's competitive situation in its various businesses.

Though all respondents found annual reports "essential," or, as one investor remarked, "meaningful," almost one-third don't trust what they read. Investors preferred their own analysis, cited by 72% as "a very important source" of information, and statistical services such as Standard & Poor's and Value Line, cited by 62%. Even articles in the press (41%) and business programs on radio and television (35%) rated higher as important sources than annual reports (25%). The only source of information rated lower than annual reports was advice from friends or relatives (15%).

Investment professionals rank annual reprint sections

Section	Importance rating
1. Financial statements	95%
2. Business segment information	93%
3. Financial review	87%
4. Five- or ten-year financial summaries	87%
5. Management's analysis	81%
6. Review of the year	78%
7. Quarterly summaries	74%
8. Statement of accounting policies	73%
9. Financial highlights	70%
10. Letter to shareholders	69%
11. Dividend payments (two years)	54%
12. Stock price history (two years)	43%
13. Inflation accounting (effects of changing prices)	39%

UPDATE

Agency adds licensing to marketing ability

The Chicago advertising agency, Dawson Johns & Black, has teamed up with Lucas Enterprises to form a jointly owned licensing division named DJB/Lucas. (See: *Marketers take license*, September 1984, pg. 72.) DJB president Powell Johns contends the joint venture "marks the first time that both advertising and licensing services will be available through one company."

Johns goes on to explain, "The new company's roots lie in what we see happening to brand name marketing. The ever-increasing investment required to establish a brand name from scratch makes the concept of 'renting' one very attractive." It also appeals to the have's and have-not's. "A strong brand name can strengthen its franchise and extend awareness by allowing its name to be used in other businesses. The 'user' enjoys equally efficient marketing benefits, getting all the imagery and good will [of the brand name] without putting up a lot of front money."

Johns calls licensing "a key marketing tool of the future," and predicts that "as competition intensifies and corporate America seeks to further reduce costs and maximize efficiency through consolidation, licensing can play an important role."

Miller High Life to J.W.T.

Miller Brewing Co. assigned its $55 million Miller High Life account to J. Walter Thompson USA after seven months of review. Backer & Spielvogel continues as agency of record for media purchases, and still handles Miller Lite, Lowenbrau, Meister Brau, Milwaukee's Best plus new products. (See "Low Point for High Life," August 1984, pg. 38.)

No decline in co-op funding

Apple Computer Inc. led the parade in the average total paid out in co-op reimbursement — $6,072, according to a report from Multi-Ad Services. (See: *Special Report on Co-op Advertising*, November 1983, pg. 139.) The average co-op accrual for the computer industry was $1,340 — by far the highest of any U.S. industry — according to the report.

But while computers led the industry in average amounts granted to participating dealers, the hardware industry offers the greatest number of co-op plans, 22%, while the computer industry accounts for only 2% of the total number of plans.

The Top 20
How manufacturer accrual call averages stack up

Apple Computer Inc. (computers)	$6,072
Lee Co. (jeanswear)	$5,024
Levi Strauss & Co. (jeanswear)	$3,804
Jordache Enterprise. (jeanswear)	$1,574
Farah Mfg. Co. Inc. (women's wear)	$1,199
O.M. Scott & Sons (lawn care)	$1,087
Eastman-Kodak Co. (photography supplies)	$987
Haggar Co. (men's wear)	$936
Wrangler (jeanswear)	$928
Nikon Inc. (photography supplies)	$687
Florsheim Show Co. (shoes)	$635
Dexter Shoe Co. (shoes)	$572
Softsel Computer Products Inc. (computer software)	$543
Del Mar Window Coverings	$537
Canon U.S.A. Inc. (photography supplies)	$490
Samsonite Corporation (luggage)	$484
G.H. Bass & Co. (shoes and leather goods)	$479
Brown Show Co. (shoes)	$473
Adidas Inc. (athletic footwear)	$445
Jantzen Inc. (apparel)	$413

Source: Multi-Ad Services, Inc.

Out of sight out of mind — for cable

Cable television systems have very little awareness among non-subscribers, according to a study from the ELRA Group. (See: *And you think cable's got problems?* August 1984, pg. 51.) Nearly 60% of non-subscribing heads of households in cabled areas are unable to give the correct name of their local cable operator or the MSO name.

The ELRA study attributes the low operator identity awareness to local system failures to establish marketing contacts. The proportion of non-subscribers who claim they have never spoken with their local cable operators reaches nearly 60%. Another 11% have not been contacted in the last year. The report suggests that advertising could counteract the lack of awareness. ELRA vice president of research, Bruce Hoban, comments, "It is possible to get through to non-subscribers. The awareness levels of pay networks demonstrate this. Non-subscribers, influenced by either advertising or prior experience, generate more cable awareness than do contacts with system representatives.

"This raises questions about marketing philosophy," according to Hoban. "Are untouchable outsiders people who are inherently hard to reach or simply do not want to be reached? Or are they outcasts, potential customers that have been neglected by cable sales reps?"

MRI cable stats

Based on its sample of 20,166 adults (18+), Mediamark Research's (MRI) fall 1984 report cites a 9.3% hike in cable subscribership over spring 1983's tally. The survey, conducted between September 1983 and July 1984, reports that 67,385,000 U.S. adults are cable subscribers — a 40.1% penetration. In its March 1983 to January 1984 survey period, MRI noted a 37% penetration of cable, or 61,639,000 adult subscribers.

The research firm claims that the 'per adult' figure, compared with the Nielsen 'per household' number, more accurately describes media status in relation to an individual's viewing behavior, and facilitates cross tabulation of purchasing behavior with subscribership and viewing habits. "We're looking at an individual's data of which product usage and media patterns are integral aspects," says MRI's Susan Gild, director of electronic media sales. "That detailed portrait is more pertinent to advertisers in product targeting," she adds. MRI's clients include the Cable Advertising Bureau, *CBN*, *Lifetime* and *Arts and Entertainment*.

The MRI report says that cable subs are somewhat younger (mean age 38.9) than the general population (40.5). Pay and STV subs are younger still — 35.2 and 34.8 years of age, respectively. The average household income for cable subs is $29,879 versus median U.S. adult income of $27,024. MRI found pay cable subs increased 5.6% from 39,420,000 by spring 1983 tally to 41,639,000 reported in the current fall release. MRI's current figure pegs STV penetration at 4.6% versus 4.9% six months ago.

Fastest on the upswing is the *Arts and Entertainment Network*, showing a 67.5% increase in net weekly audience, with 2,261,000 weekly viewers; MRI's placed *A&E*'s viewership at 1,350,000 in its spring 1983 survey. The network also shows the highest median household income among the basic services for both adults (total) and men — $36,250 for adults; $35,712 for men. Female median household income is highest among *Satellite Program Network* women — at $36,944.

AVERAGE WEEKLY CUME FOR BASIC CABLE NETWORKS

CABLE NETWORKS	ADULTS (000)	ADULTS %	MEN (000)	MEN %	WOMEN (000)	WOMEN %	MEDIAN AGE ADULTS	MEDIAN AGE MEN	MEDIAN AGE WOMEN	MEDIAN H/D INCOME ADULTS	MEDIAN H/D INCOME MEN	MEDIAN H/D INCOME WOMEN
Arts & Entertainment Network	2,261	1.3	1,078	1.4	1,183	1.3	36.8	39.9	33.9	36,250	35,712	36,597
CNN (Cable News Network)	20,991	12.5	11,098	13.9	9,893	11.4	39.6	38.1	41.3	31,789	33,330	29,927
CNN (Headline News)	11,779	7.0	6,545	8.2	5,234	5.9	38.6	37.0	40.3	30,945	32,137	29,186
CBN Cable Network	8,679	5.2	4,160	5.2	4,519	5.1	39.3	37.0	41.3	27,500	29,009	25,860
ESPN (Ent. & Sports Pgm. Network)	23,668	14.1	15,523	19.5	8,145	9.2	36.4	36.0	37.0	31,972	32,744	29,958
FNN (Financial News Network)	1,554	.9	928	1.2	626	.7	44.9	44.0	47.2	32,556	34,020	30,617
Lifetime	1,953	1.2	916	1.1	1,037	1.2	39.3	40.8	38.5	24,813	26,696	24,041
MTV (Music Television)	13,519	8.0	6,480	8.1	7,039	8.0	28.4	27.2	29.6	33,110	35,452	30,777
The Nashville Network	6,482	3.9	3,099	3.9	3,383	3.8	45.0	45.6	44.3	27,638	30,283	24,616
Nickelodeon	5,236	3.1	2,112	2.6	3,124	3.5	34.0	34.2	33.9	31,970	31,552	32,723
SPN (Satellite Program Network)	2,077	1.2	1,169	1.5	908	1.0	38.7	38.8	38.6	33,049	30,305	36,944
USA Network	10,021	6.0	6,315	7.9	3,706	4.2	33.1	33.0	33.2	31,560	32,782	27,896
The Weather Channel	12,381	7.4	6,338	7.9	6,043	6.8	40.6	40.0	41.3	32,551	31,703	29,069
WGN-TV	12,742	7.6	7,123	8.9	5,619	6.4	35.8	35.3	36.3	31,566	31,197	29,684
WOR-TV	6,506	3.9	3,348	4.2	3,158	3.6	38.6	36.8	40.6	32,300	34,623	29,216
WTBS	22,683	13.5	13,082	16.4	9,601	10.9	36.3	36.0	36.7	29,927	31,172	28,166

Source: Mediamark Research Inc.

MRI FALL 1984 CABLE TABLE

Total U.S. Population	168,026	100.0	79,803	100.0	88,223	100.0	40.5	39.4	41.6	27,024	28,792	25,251
Cable Subscribers	67,385	40.1	32,573	40.8	34,812	39.5	38.9	37.9	39.8	29,879	31,280	28,441
Pay TV Subscribers	41,639	24.8	20,495	25.7	21,144	24.0	35.2	34.8	35.8	33,184	33,831	32,450
STV Subscribers	7,767	4.6	3,865	4.8	3,902	4.4	34.8	33.7	36.0	36,774	37,758	35,920

Source: Mediamark Research Inc.

DIRECT MARKETING

Simmons charts direct marketing surge

Direct marketing accounts for 27% of total U.S. retail sales dollars, according to the first of an on-going series of reports from the Simmons Market Research Bureau. Sales of goods and services will soar to $171 billion before the year is over, and when business-to-business marketing is added in, the total comes to over $200 billion.

The new projected total based on the SMRB data is higher than the total projected by the Direct Marketing Association, on an assumed $150 billion total in 1983. The initial SMRB study figured July's sales ($12 billion) on the basis of a diary sampling procedure of 431 representative households. The sample will be expanded to 1,000 a month for the monitoring study in 1985. Formal reports will be issued for the January-March, April-September and October-December periods.

The initial SMRB study found that Monday is the hottest day of the week for direct marketers. A high of 25% of all orders were placed on that day. Thursday was the weakest day of the business week, with 11% of orders, followed by Saturday (10%) and Sunday (5%).

Apparel is the leading category, accounting for 18% of total orders, distantly followed by magazine subscriptions, with 7%. Automotive accessories trailed at the bottom of a list of seven categories, with 3% of purchases.

And they don't call it direct mail for nothing. Direct mail and catalogs were the best sales generating media, each accounting for 24% of volume, followed by telephone, circulars and magazine ads, each in the 6% range. So naturally, households receive a lot of direct mail sales pieces — on average, 18 a week.

The older half of the U.S. population gets the greatest attention from direct marketers, with most material aimed at those over 35 with household income over $35,000 annually. A breakout of purchasers on the basis of the VALS profiles (Values and Life Styles) shows achievers are the best customers, and emulators the least inclined to buy.

The telephone, often the most resented instrument for direct marketing, does get through to people. Fifty-one percent of respondents listen to the complete sales message. Only 7% hang up consistently.

Advertising medium percent of total orders

Direct mail (other than catalogs)	24.2
Catalogs	24.1
Telephone	6.8
Circulars	6.7
Magazine Ads	6.0
Newspaper Ads	5.8
Yellow Pages Ads	4.5
Take-ones	3.3
Tv	3.1
Bill Inserts	2.5

Source: SMRB

But despite their success, direct marketers are striving to improve their performance. Stan Rapp, chairman of Rapp & Collins, who presented the SMRB study results to the Direct Marketing Association Annual conference in Chicago last month, said that direct marketers are losing customers because of a variety of complaints. The most frequent complaint is the additional charge for postage and handling, which mitigates against the impression of lower prices. Consumers are also miffed at the flood of catalogs for similar merchandise after a purchase is made.

"We must do better," says Rapp, "or our gains will melt away."

Rapp also told the conference audience, "We are at the center of what is happening. The question is no longer whether or not a company will use direct marketing, but how well it will employ the discipline to meet its needs. Our new mission is to make certain that the new direct marketing is skillfully applied. If direct marketing is misused, as has happened on too many occasions, the result will be business failure and the loss of a company, or even an entire industry, to our field."

Liquor experiments with direct mail

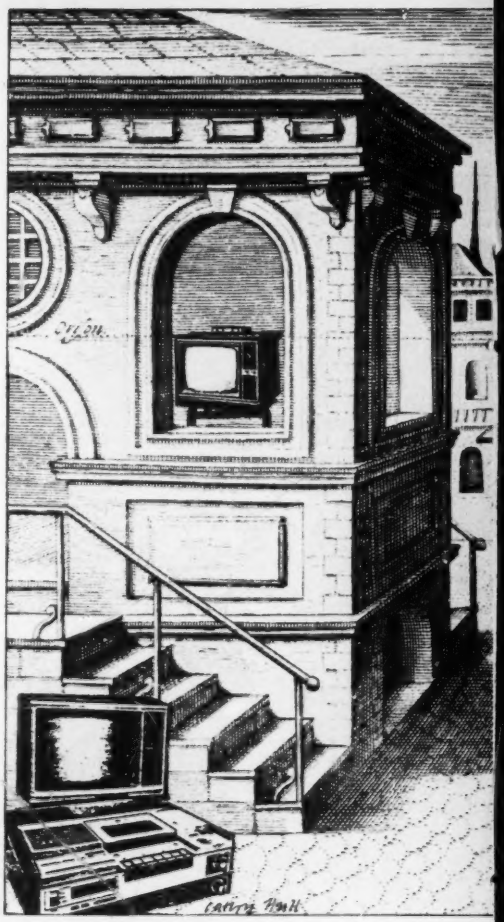
The liquor industry, traditionally associated with print, newspapers, magazines and outdoor, branches out into mail for the holiday season as J&B Scotch uses the December 2 issue of Blair's Network Mail® to deliver advertising to 24 million homes in 11 states. The Network Mail piece will encourage consumers to "give the Scotch more people prefer" while offering a $3 gift certificate on the purchase of J&B. The mailing will also list a grand prize number for $1 million sweepstakes.

The program is also supported by a series of retailer mailings highlighting the overall promotion and containing reprints or trade publications announcing the Network Mail campaign.

Jeff McElnea, president of Einson-Freeman, the sales promotion agency which developed the direct mail strategy, commented, "The decision to use Network Mail was based on the same reasons that apply to any other media decision. Network Mail made sense in terms of the cost effectiveness parameters applied to any media decision and it allowed us to be preemptive with its use in the industry. It's that simple. We have more J&B drinkers in that Scotch franchise that we're reaching with Network Mail, and we're getting the impact of home delivery."

Europe's high tech glamour

Grand schemes are envisioned for Europe. But its romantic notions of technology are playing havoc with economic realities.



High tech telecommunications are glamourously seductive to the European psyche. They bring to mind the drama of American entrepreneurism, a devil-may-care frontiersmanship, and on a more salient level, the promise of recovery from a draining economic malaise. But high tech visions are playing havoc with Europe's entrenched notions of government paternalism and cultural elitism, which each nation has for centuries nurtured.

The fate of tv distribution in Western Europe will reflect how each nation will reconcile its regulatory and cultural bias with its economic reality. As Michael Tyler, president of the telecommunications firm, Communications and Studies International, Inc., points out, "For Europe to realize its potential in tv distribution will require a maturation from technological and cultural emotionalism toward a more viable commercial reality."

Several trends are emerging which will have a direct bearing on the transformation of the European media landscape. First, a rapid relaxation of restrictive government policies will spur a diversification in tv distribution. Two basic approaches are settling into place: publicly-orchestrated policies integrated and carried out by PTTs (post, telephone and telegraph entities) and other public bodies; and private, competitive enterprises which will still involve some public sector input. As governments face the extreme capital costs of building and upgrading telecom systems, private enterprise will find its role steadily increasing. "Although public policy regarding tv distribution will undoubtedly continue to be distinctly interventionist, the ownership of the means of tv delivery will become more diverse," predicts Tyler.

Secondly, there is an emergence of a new set of assumptions about tv policy. This involves the increased acceptance of the impact of DBS (direct broadcast satellite) and the recognition that signals cannot be stopped at the border. Further, the role of cable in the general upgrading of telecom facilities is justifying heavy expenditures in that medium. Complementing and complicating cable's growth is the increasing viability of alternate delivery systems such as small master antenna systems (SMATV); low power tv (LPTV); subscription tv (STV), optical fiber distribution; and microwave direct distribution (MDD); as well as the phenomenal increase in VCR penetration. Teletext, which is reaching meaningful penetration levels (three million teletext-equipped tv sets in use in the U.K. and the continent), and videotex services (in more than a dozen countries) are being aggressively marketed.

How Europe negotiates this smorgasbord of technologies within its traditional public policy and cultural framework will determine the future of its high tech aspirations. The various media are currently growing up together in Western Europe, each, in turn, reshaping the direction of its rival. By Phillips Publishing estimates, 30 million of the 124 million households in Western Europe are wired in the broadcast sense (all cable, SMATV, traditional broadcast). The telecommunications firm places 8% (10 million) of those wired homes as having cable hookup, that figure increasing at a rate of 10% annually. About seven million of cabled households are covered by systems of more than 5,000 subscribers, the largest single network being KTA Amsterdam. Penetration by cable varies by country — the most heavily wired being Belgium (85%); Netherlands (65%); and Norway (46%). Elsewhere, existing cable consists primarily of SMATV, installed in housing complexes. Access to centralized cable systems (CATV) is scarce, the largest marketplaces having the lowest penetration: centralized CATV access in England is 8%; France, 3%; 0.8%, West Germany.

The DBS plans of individual country's are still pending financing — France, West Germany, and the U.K.

Cathy Hull

opting for the costly, high power route which many analysts liken to the Concorde syndrome: high tech with questionable commercial viability.

The European Space Agency (ESA), an 11-country consortium, says it will be making use of space with its 1985 launch of F-1 and F-2 satellites for low power, point-to-point broadcast to cable headends and general telecom use. ESA's Olympus, formerly L-Sat, will be capable of direct-to-home broadcast throughout Europe by late 1986.

If political will alone could determine the success of an industry, cable would be a better gamble over DBS. Governments are pouring big bucks into cable as a means of upgrading their telephone systems with state-of-the-art technology. "Cable's success will be through PTT involvement in telephone upgrading," says Lon Levin, a telecommunications attorney with the D.C. law firm, Mintz, Levin, Ferris, Glovsky, and Popeo, P.C. "Video delivery through cable in Europe could fulfill cable's promise: high capacity, flexible, interactive systems."

In addition, many governments are pinning their hopes on cable as a means to defer what DBS threatens: the loss of government control by the invasion of foreign broadcast signals. This fear of video imperialism is most notable in France, which perceives cable as "a means to protect its territories from the onslaught of foreign DBS signals," claims Thierry Vedel, a telecom analyst with the Foundation Nationales Des Sciences Politique, in Paris.

The fate of tv distribution will reflect how cultural bias are reconciled.

However, the practicality of DBS for European topography is indisputable, as are its benefits to high priority aerospace industries which wield considerable power in France, West Germany, and the U.K.

Here's a snapshot of this highly fluid situation in countries where there are the most significant developments.

France

Fifty million French tv viewers are subject to the limited fare of its state-run channels, TF-1 and A-2, which air five to six hours a day. When, in an effort to encourage commercial participation, control of FR-3, the regional program station, was given to Havas, the state-owned ad agency, the French advertising community was in uproar. All three channels accept a maximum of 18 minutes of ads a day, which are aired in early evening blocks. Such pervasive government involvement — which has on occasion provoked strikes — also produces an environment that is not conducive to cultivating a satisfied audience. Indeed, two much maligned foreign stations, Radio TeleLuxembourg and TeleMonte-Carlo, have built loyal French audiences by exploiting French tv's shortcomings. Canal Plus, a fourth French network, will be a form of subscription tv, deriving its revenues from subscriber fees and programing charges. VCR penetration at 9.7% in 1983, could reach 22% in 1985, prompted by demands from a program-hungry French population.

Vis-à-vis DBS, the Luxembourg-based public corporation, Compagnie Luxembourgeoise de Telediffusion (CLT/RTL) inked a deal in late October to lease two channels on France's high power, four channel TDF-1, now set for a mid-1986 launch. The Franco-Lux venture marks the first time in European history that two nations have joined forces for a common tv operation. The deal's major stipulation will throw a wrench into the works of potential competitors in ad-supported satellite programing: terms bind both nations to a five-year moratorium on any ad-supported satellite tv programing competing in CLT's markets.

This restriction significantly impacts Coronet, the private satellite venture which was also granted Luxembourg government authority to incorporate and finance. Coronet, financed by both European and U.S. interests and steered by Clay "Tom" Whitehead, a former Hughes Communications executive, intended to launch two 16-transponder, medium power satellites carrying ad-supported and pay tv services. Now with its hands tied in the ad-supported area, Coronet must prove

MARKET PROJECTIONS FOR CABLE TV AND DBS IN WESTERN EUROPE*

Country	TV hh (millions)	Basic Cable Penetration (% of TV hh)	Basic Cable Revenues ($ millions)	DBS (spillover and L-Sat) as % TV hh
AUSTRIA				
1982	2.860	3%	9.609	—**
1987	2.909	18%	63.015	3%
1990	2.951	52%	184.854	5%
1995	3.009	67%	243.571	15%
BELGIUM				
1982	3.171	78%	297.606	—**
1987	3.231	80%	306.120	3%
1990	3.278	84%	310.080	5%
1995	3.334	89%	313.920	5%
FRANCE				
1982	17.952	2%	57.600	—**
1987	18.495	5%	177.205	4%
1990	18.958	24%	550.958	15%
1995	19.517	61%	1444.809	25%
W. GERMANY				
1982	24.599	14%	416.470	—**
1987	25.081	26%	844.481	5%
1990	25.463	59%	1517.605	15%
1995	25.923	78%	2144.706	20%
ITALY				
1982	17.660	0%	0	—**
1987	18.164	7%	149.966	5%
1990	18.574	17%	389.170	15%
1995	19.111	21%	487.109	20%
NETHERLANDS				
1982	4.387	49%	260.764	—**
1987	4.630	65%	358.440	5%
1990	4.771	70%	399.360	10%
1995	3.334	84%	430.440	10%
SWITZERLAND				
1982	2.045	43%	105.000	—**
1987	2.120	47%	120.360	—
1990	2.180	50%	132.600	—
1995	2.259	52%	141.000	—
UK				
1982	20.332	.8%	159.103	—
1987	20.885	14%	371.047	4%
1990	21.313	31%	667.864	10%
1995	21.999	67%	1214.494	18%

* Chart compiled by M&M Decisions based on Communications Studies and Planning International, Inc. high-end estimates.
** negligible for 1982

to the Luxembourg authorities that it can be financially viable without ad-supported programing. Although conventional pay tv options are still open to Coronet, the venture is now negotiating with Luxembourg to transmit programing via land lines to cable headends in France, this a means of establishing a presence in that country.

But high power ventures may have questionable economic viability. "What we may have in France is a case of the Concorde syndrome," claims CSPI's Tyler. "That is, impressive technology built by government which advances the art but doesn't have commercial relevance."

Despite some costly finger-dipping into the satellite dishes, anxiety over the implications of DBS prevails in France. "There's a lot of maneuvering and puffing about DBS, but what is critical to France is cultural tyranny," observes attorney Levin. "DBS is seen as a threat to the nation's particular cultural identity." France is hoping that cable tv will diffuse some of DBS's impact. Notes French analyst Vedel, "The French government hopes to take advantage of the several years remaining before DBS installation in order to accelerate cable and persuade the French people not to acquire equipment for DBS reception."

In 1982, the PTT's "star-switched" fiber optics cable plan called for the wiring of 1.4 million homes by 1985, aiming at a 50% penetration by 1990, and an outlay of $6.6 billion. Recently, however, the pace and price of the French cable vision has downshifted: 320,000 homes are to be cabled by 1985 (at a cost of $156 million); 1.5 million homes by 1987; and 6 million by decade-end, for a total cost of $5.4 billion. The reason behind this paring down is economic reality. "There's a tendency in France toward grandiose high tech projects versus economic realism," observes Tyler, who also cites government forces as determining for which technology will prevail: the Socialist's high tech goal or the traditional coaxial cable path advocated by private enterprise, proponents of decentralization. Currently 450,000 cable subs are serviced by over 300,000 small, low capacity systems.

The PTT has recently ordered 900,000 additional videotex Minitel terminals for the Electronic Directory which will expand geographically based on an eight-year program calling for three million terminals to be in place by 1986; 15,000-20,000 terminals are being installed monthly. Telediffusion de France, which operates the Antiope electronic text delivery, projects an installed base of 100,000 teletext decoders in 1985, and 1.2 million decoders in 1987.

Continued on page 84

Are our print media going global?

Only certain types of American publications seek readers and advertisers overseas. Some are extensions of the domestic editions; others license foreign publishers to adapt and translate. *Decisions* searches out the availabilities for American advertisers.

This is a summary of the overseas editions American publishers are producing, but it's an incomplete picture of American global advertising. American advertisers spend much of their overseas funds in native foreign publications, and many pages of our own international editions are filled with "local" foreign advertisers.

In the case of mass packaged goods, the print media fare better abroad than in the States. Television advertising isn't available in most Scandinavian countries; in other lands the number, length and content of commercials is restricted.

In Denmark, Colgate is *Reader's Digest*'s biggest liaison.

Gary Pranzo, Young & Rubicam's domestic-foreign media liaison, ventures that: "Outside of the western hemisphere and perhaps Japan, we still have a print-oriented society."

Only a few of America's mass magazines are spreading their wings worldwide. *Reader's Digest* is deeply involved, with 41 editions in 17 languages. *Good Housekeeping* licenses foreign publishers to use its name and editorial content in Japan, Australia, Latin America and Great Britain.

But magazines are essentially a selective medium, and it's these targeted books that make up the bulk of our overseas publications. Their upscale advertisers who use these are aiming at two distinct markets:

(1) The high-living, "international set" consumer.

(2) The VIPs in international business, government, professions.

The first group divides into two areas: the home and the person. It's not the "shelter" magazines, but those that extend editorially to châteaux and Riviera homes that go overseas. *Architectural Digest* has licenses in Italy and Japan, and is planning a Dutch edition. *House & Garden*, recently stepped up to the mansion level, has a British edition and a French *Maison & Jardin*. A *Better Homes and Gardens* spokesman says: "Our type of home may interest Canada, Australia. The rest aren't for us."

Rome Reports, which checks international advertisers (see box) doesn't include these luxury magazines, but their publishers estimate that their leading ad classifications are travel, deco-

TOP FIVE ADVERTISING CATEGORIES IN AMERICAN INTERNATIONAL EDITIONS
(Rome Reports, 1983. Canada not included)

Time	Newsweek	Reader's Digest	Wall St. Jrnl.*	Nat'l. Geog.	Fortune	Business Week	Scientific Amer.
			Total International Advertising Revenue (1983)				
$82,676,563	$42,300,000	$66,000,000	$10,362,433	$4,911,135	n.a.	$13,638,283	$2,2[illegible],913
Airlines	Airlines	Pass. Cars	Banks	Photog. Material	Airlines	Banks	Comm/Electronics
Cigarettes	Cigarettes	Food Prods.	Financial Serv.	Watches	Computers	Computers	Pass. Cars
Pass. Cars	Pass. Cars	Drugs/Pharm.	New Issues	Airlines	Comm/Electronics	Airlines	Computers
Liquor	Computers	Financial Serv.	Business Services	Pass. Cars	Banks	Comm/Electronics	Aircraft
Banks	Banks	Liquor	Computers	Liquor	Pass. Cars	Business Serv.	Business Serv.

** Data for Asian WSJ and European WSJ combined by M & M Decisions*

ration, cosmetics and passenger cars.

Magazines like *Vogue* and *Harper's Bazaar* follow beautiful women around the world. Europe finds *Vogue* in English, French, Italian. *Harper's Bazaar* adds Germany and Latin America. Fashion, cosmetics, travel are the expected advertising leaders. The unexpected in *Vogue* is retail. Not foreign retailers; not even mail order ads from faraway stores. Tiffany, Bloomingdale's, Saks Fifth Avenue and Fortunoff, are out there just to put their names on the tip of the fashionable

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AROUND THE GLOBE WITH AMERICAN PRINT MEDIA

	Europe	Middle East	Asia	Mexico & Central America	South America	West Indies	Africa	South Pacific
Architectural Digest (Native language)	Italy-50,000 (Dutch & West German planned)		Japan-50,000					
Business Week Int'l (English)	35,971 ABC (25 issues)	4,732 ABC	18,190 ABC (13 issues)	5,316 ABC (7 issues)	10,725 ABC (7 issues)	1,484 ABC (7 issues)	1,966 ABC	2,686 ABC
Cosmopolitan (Native Language)	1,504,509 (Six languages)		Japan 238,000 (Hong Kong planned)	←	300,000 Seven Editions	→		185,000 (Australia)
Fortune International (English)	48,167 ABC	3,547 ABC	26,890 ABC	2,663 ABC	4,120 ABC	384 ABC	3,153 ABC	2,790 ABC
Harper's Bazaar (Native language)	175,000 German, French, Italian			n.a.	n.a.	n.a.		40,000 (Australia)
House & Garden	Britain-124,537 ABC French-100,303 OJD *Special-90,000							
National Geographic Overseas copies of domestic edition	660,000 ABC		394,000 (Pacific)	←	92,000 Latin America	→		
Newsweek International (English)	227,623 ABC	36,870 ABC	235,267 ABC	16,693 ABC	23,001 ABC	12,427 ABC	48,746 ABC	54,493 ABC
Penthouse (Licensed foreign Editions)	380,000 German 100,000 British			←	80,000 Latin America	→		105,000
Playboy (Nine foreign licenses)	160,463	1,686	20,328	←	6,347	→		
Reader's Digest	7,150,000 ABC in 16 native tongues	55,000 ABC Arabic	1,481,000 ABC 5 native tongues	←	1,155,000 ABC Latin America	→	400,000 ABC	700,000 ABC
Science Digest	245,000 in 4 languages							
Scientific American	English-65,000BPA Italian-90,918 ADS French-47,921 OJD German-100,000 IVW	1,331 BPA English	7,798 English 36,848 Japanese ABC	2,282 English	4,948 English 37,939 Spanish OJD	606 English	2,874 English	15,504 English
Time International	431,657 ABC	40,228 ABC	253,011 ABC	27,118 ABC	61,170 ABC	19,078 ABC	62,410 ABC	139,714 ABC
Vogue	British-165,895 ABC French-142,750 OJD Italian-161,704 ADS German-Started July, 1984							
Wall Street Journal	25,411 ABC (European WSJ)		27,727 ABC (Asian WSJ)					

West Germany

Control over broadcasting in West Germany is divided between the federal government and states (''landers'') — a schism that's created powerful vested interests and complex regulatory problems. ''There does, however, appear to be a gradual evolution toward decentralization, which hinges on unforseeable political issues,'' claims CSPI's Tyler. Meanwhile, the current intra-national fray is being aggravated by foreign spillover.

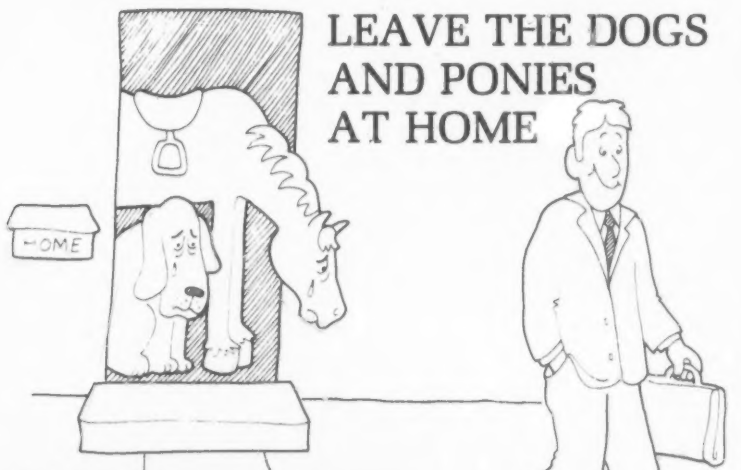
Germany's three state-run stations, serving 24 million tv households, have been up in arms since January when RadioTeleLuxembourg created a station specifically for the West German market. ARD and ZDF, the two national stations which earn 20%-50% of their revenue from ads (20 minutes a day aired during a two-hour, early evening time slot), are accusing RTL of violating West German programing and ad laws; no resolution is in sight.

VCR penetration, at 9.9% in 1982, 18.5% in 1983, is expected to soar to 30% next year and top 50% by 1986. In Berlin, penetration is now at 20%.

The pro-private enterprise Kohl administration perceives cable and DBS as part of a national economic recovery program and expects to invest $40 billion over the next ten years in cable-related communications. Currently, 40% of German households subscribe to SMATV serviced by some 300,000 regional cable systems; less than 10% of cabled homes are linked to a national network. Aiming for a 50% penetration of a national cable network by 1990, Germany's Bundesposte, the national PTT, has already committed $367 million in postal and telephone revenues to nationwide cable projects. Hans Hege, a communications official for West Berlin, claims the Bundesposte will have cabled 60% of that city's 1.1 million households by year-end, connecting 220,000 homes.

Germany's thrust, however, is toward diversity — this in part a recognition that ''you can't stop signals at the border,'' claims Phillips' DBS analyst, Tim Race, adding, ''it becomes superfluous, therefore, to maintain an iron glove.'' Hege acknowledges the emphasis placed on ''the development of technologies which can be received individually, in particular DBS.'' Indeed, some planners with the Bundesposte expect DBS to surpass cable penetration when the French TDF-1 (with one German language channel) and the three channel German-financed TV-Sat, launch perhaps in late 1986. Germany is an active participant in the ESA's program, having turned over its channel on F-1 to PKS, a cable and satellite program syndicate comprised of German publishing groups.

Bildschirmtext, the videotex service operated by the Bundesposte, concluded its one year trial in Berlin and Dusseldorf last August but is continuing to offer its three main functions — information retrieval, messaging, and external computer links — to subscribers, with a test of a 'gateway' underway with Great Britain and the Netherlands. By 1985, 25% of all German tv sets will be teletext decoder-



LEAVE THE DOGS AND PONIES AT HOME

Meeting by satellite allows you simultaneous access to your personnel and clients throughout the U.S. or the world without the exhaustion of a traveling road show and WITH the impact possible only with true broadcast-quality television.

The technique is called "videoconferencing" and we have the experience to professionally manage the entire process for you. Our services include:

- Helping you prepare your message for the television medium
- Training your people to be at ease with their television appearances
- Guiding you through the television production process
- Delivering your program to a satellite
- Choosing the satellite technology best suited to your needs
- Receiving your program at a nationwide or worldwide network especially designed to meet your needs whether that network consists of your own offices, hotels, convention centers, hospitals or a combination thereof
- Arranging for the audio/visual equipment to best suit your meeting requirements
- Arranging for on-site satellite and A/V technicians to assure quality reception
- Advising you in the best method of handling live questions from your receive sites and arranging for direct phone lines for audio interaction
- Handling special requirements at your receive sites such as display of pre-shipped samples or literature
- Arranging for food and beverage services or sleeping rooms at your receive locations
- Preparing site facilitator guides to help your event flow as smoothly as possible
- Preparing and analyzing critiques of your event
- And more...each videoconference is customized for you the client
- **AND STILL MORE...WE NOW OFFER A TRAINING PROGRAM FOR EXECUTIVES WHO MUST APPEAR ON TELEVISION. IT'S CALLED "CEO ON CAMERA." CALL FOR DETAILS.**

CINCINNATI · UPLINK

COLUMBIA PLAZA · 15TH FLOOR

CINCINNATI, OHIO 45202

513 · 762 · 7630

equipped: 30% of tv households.

Italy

When private broadcast was legalized in 1977, over 3,000 independents went on the air that same year, taking pot shots at RAI, formerly the state tv monopoly. That flurry of activity has since quieted down to 400 independent stations (reaping $200 million in ad revenue a year) serving the nation's 16.3 million tv households. With Italy's population at 53 million, this gives the country the highest per capita density of tv stations in the world. As a means to bypass RAI's sole technical right to national broadcasting, the independents distribute program cassettes to affiliate stations for simultaneous airing — a business which itself generates $4 million a year in ad revenue.

"European visions require a maturation toward commercial reality."

MICHAEL TYLER,
president,
Communications and Studies International, Inc.

Tv ad spending has increased by 40% over the last two years. RAI's two national channels accept 33 minutes of ads apiece, scattered throughout the day in five minute blocks. Independents limit themselves to an hourly advertising average of 14% but that figure can sometimes go as high as 30% during prime time. RAI expects to take in about $300 million in ad revenue this year; independents, $600 million.

With the conversion of many unprofitable private ad-supported stations to STV, the subscription route could be significant, as will be SMATV, considering the laxity of radio spectrum regulation and the large number of multi-unit dwellings in Italy. However, the outlook for cable, stalled for many years by regulatory problems, looks glum. CSPI estimates there are about 150,000 residual cable subscribers in Italy, but a recent Reuter's release notes that many of those wires are used as laundry lines.

The bright spot in Italy's telecom future could be DBS. The country recently optioned an Olympus transponder and gave RAI exclusive DBS programing rights. Italsat, an Italian-made satellite considered for a 1987 launch, is a second DBS possibility, to which RAI again would have exclusive programing rights.

Italy's two-year Videotel videotex service completed its trial run in November, claiming 4,000 users. The project was managed by SIP, the Italian phone company, which plans a nationwide system using the Prestel format.

United Kingdom

Britain's 20.3 million tv households are, by European standards, reveling in video heaven. Public broadcast stations BBC-1 and BBC-2 are reputed purveyors of quality programing. In the commercial sector, there's Independent Broadcast Authority providing popular ITV; Channel 4 debuted in 1982; and the one-year-old TV-AM, a mornings-only channel, was joined last year by breakfast tv on BBC-1. The three IBA stations air an average nine minutes of advertising an hour. Yet despite this array of "quality" fare, Britains are watching less tv and spending more time and money on VCR's. Penetration by VCR's is at a world high of 30% in the U.K. That rate is expected to reach 40% by 1985, and top 70% by 1990.

The VCR boom poses formidable and solidly entrenched competition for other forms of tv distribution, grappling for a bare bones existence. Currently, 2.3 million subscribers are connected to antiquated cable relay systems garnering no more than $70 million a year in revenue. The Thatcher administration claims that a 50% cable penetration (10 million homes) is attainable by 1990, but analysts are skeptical of even a 20% goal by that year. "The question is whether the U.K. economy can support cable tv," says Michael Tyler. "The stock market is in considerable doubt, in view of the fact that the public offering of a regional cable system recently bombed. The regulatory gates have been opened but the horses are apparently reluctant to run."

In late October, Britain's two leading cable companies, Visionshire and Rediffusion, bailed out of the business, citing adverse tax decisions and heavy long-term cash carry. Visionshire pulled out of wide band cable entirely, and Rediffusion will sell its interest to Robert Maxwell, the newspaper owner, for $13 million. Maxwell and the remaining companies with cable investment, including Thorn EMI and the now-private British Telecom, will battle it out during National Cable Authority franchising processes.

The pro-competition trend in cable has not transgressed over to DBS. Unisat, a joint venture of British Telecom, British Aerospace, and GEC Marconi, has been granted sole DBS launch authority by the Home Office, and a recently-formed consortium of DBS programers has been 'encouraged' to discuss DBS with Unisat alone. But now vying for that program consortium's favors and a shot at a potential five million DBS subscriber base is Bristat, a private firm, which proposes two satellites, each with five channels switchable between the U.K. and Ireland, and claims adequate cash backing ($300 million) to pull off a 1987 launch. Unisat's original plan was to launch a Eurostar-type satellite produced by Satcom International, a joint venture of British Aerospace and Matra of France. But when the BBC declared itself unable to finance the $500 million DBS portion (two channels) of the multifunctional satellite, Unisat plans were put on hold. Race predicts that whichever satellite system gets the program consortium's business will operate as the common carrier.

"Cable video delivery in Europe could fulfill the original promise of cable."

LON LEVIN,
attorney,
Mintz, Levin, Ferris, Glovksy, and Popeo, P.C.

Continued on next page

The U.K.'s Prestel videotex system now claims 36,213 registrations and is growing at a rate of 1,500 new subs a month. Teletext is now available to 1.36 million British homes (representing a potential audience of 4.75 million). Set purchases average 800,000 units each year to access two services: Oracle Teletext Ltd, operated by ITV, and Ceefax, the BBC service. Last year, Ceefax initiated broadcast tv's first telesoftware transmission — computer programs broadcast through Ceefax and received by home computers; nearly two million British homes currently have home computers.

Japan

Japan is gearing up for a dynamic overhaul of its now dispersed cable industry. Cable currently reaches 3.3 million subscribers (10% of Japan's tv households), via 31,000 systems servicing less than 500 subs each. Fueling this change are major national and joint U.S.-backed ventures scripting consolidated, high tech offerings.

In June, a four-year plan submitted by the Nipon TV Network Corporation and Yomirri Shinbun newspapers won government approval to build a 54-channel cable network serving 157,000 Tokyo households. The total cost of cabling Tokyo was estimated by Japan's Ministry of Post and Telecommunications to be approximately $721 million.

American Television and Communication Corporation (ATC) recently joined forces with the Sieber Group of Retail Companies, a major Japanese supermarket and retail chain, to form Saison CATV. Saison will develop cable equipment and systems, and provide financing for new cable companies. Viacom International has acquired a 4% interest in International Cable Network (ICN), a Tokyo cable operator which plans to service 50,000 Tokyo households.

Hi-OVIS, a two way CATV experiment, has been underway since July 1978 in the city of Higashi-Ikoma. A commercial interactive rollout of two-way cable is planned by Uny, a major Japanese supermarket chain, and Chunichi Shimbun, a newspaper company, in Aichi Perfective in 1985.

The various media are growing up together in Europe, each reshaping the direction of its rivals.

DBS has proved a major embarassment for Japan, which boasted the area's first commercial DBS satellite launch last January. Two of BS-2A's three channels failed almost immediately while the third functions only sporadically.

Japan's videotex experiment, Captain, in test phase in 2,000 sites since 1981, intends to roll out commercially by January. Pending government regulations, NTT, the Japan communications authority, may become quasi-private and operate as does British Telecom, thus permitting the entry of other companies into videotex. Sony and Japan Cable TV are in the throes of developing a cable-based videotex service. In the teletext sphere, NKH Japan Broadcasting Corporation has launched a service in Tokyo and Osaka.

Judith Reitman

Capper's Weekly/Grit Fill in Where Other Media Thin Out

Capper's Weekly and Grit subscribers spent more than $148 *million* in mail and phone purchases in a 12-month period. Your message may not be reaching these responsive buyers in rural and small-town America.

- ☑ 62% of our subscribers ordered clothing by mail compared to the national average of 12%.
- ☑ 15% purchased insurance by mail compared to 1% for the national average.
- ☑ Nearly 30% ordered gardening supplies compared to only 4% for the national average.

Reach Hometown America when it shops. Call us today.

CAPPER'S WEEKLY & GRIT
America's Family Publications

The next trend still eludes marketers

After two hyperactive years, cigarette marketers are reassessing the market. Generics may have peaked — but have they opened the market for a premium price smoke?

"The market isn't substantially different from what it was two years ago — but the question is, what direction is it moving in?"

Martin Orlowsky, the senior vice president of brand development at R.J. Reynolds, voices the anxiety that has cigarette marketers pacing corporate corridors in New York, North Carolina and Kentucky. Next year, they hope, will be less problem-ridden than the last few, and be one that will illuminate the direction consumers want the industry to take.

For the past two years, the $23-billion industry (at retail) has been buffeted by confusing changes. Congress is trying to stiffen the health warning printed on each pack, while numerous communities pass local anti-smoking measures. Smokers' interest in low-tar smokes has plateaued, as has their enthusiasm for classy cigarettes. Since most of the new product introductions in the past few years have been in these areas, producers are wondering what segments they should next mine.

But the industry's biggest headache resulted from the effect price increases had on sales. The doubling of the Federal excise tax on January 1, 1983, and the similar rise in levies mandated by many state legislatures, pushed the price of a pack past $1 in many major markets. The precipitous decline in sales that resulted was a nasty shock to the cigarette industry, which had always considered its products ego-sen-

Advertising expenditures, 1983 (000)

Company/brand	Total	Magazines	Supps	Outdoor	Newspapers
Philip Morris					
Benson & Hedges	$41,132.0	$23,207.8	$4,207.4	$ 5,589.8	$ 8,127.0
Malboro	70,421.1	38,991.1	3,153.8	17,214.6	11,061.6
Merit	41,162.4	22,618.1	6,376.9	2,881.4	9,286.0
Players	63,448.4	25,547.2	2,563.3	11,393.2	23,944.7
Virginia Slims	31,897.8	21,029.4	2,140.5	4,487.2	4,240.7
R.J. Reynolds					
Bright	62,276.3	23,976.4	5,318.8	11,000.8	21,190.3
Camel	39,652.9	12,983.7	—	12,847.1	13,822.1
Century	27,658.7	4,847.8	3,448.5	4,890.6	14,471.8
More	41,393.8	16,885.4	4,849.2	6,123.7	13,535.5
Now	26,115.3	16,890.5	809.4	—	8,415.4
Salem	44,284.6	21,083.9	2,083.5	11,386.7	9,730.5
Vantage	42,418.5	23,979.9	2,549.6	4,935.9	10,953.1
Winston	48,961.5	19,769.2	4,169.3	12,915.0	12,108.0
Brown & Williamson					
Barclay	34,883.8	13,852.8	5,767.1	3,543.9	11,720.0
Kool	44,279.8	15,881.6	6,527.0	10,840.5	11,030.7
Viceroy	11,209.2	4,249.5	3,262.3	2,087.2	1,610.2
Lorillard					
Kent	27,750.3	13,893.2	529.4	4,820.7	8,507.0
Newport	15,638.5	5,323.8	—	9,846.1	468.6
Satin	31,291.5	9,596.0	751.9	12,107.1	8,836.5
True	18,327.1	12,227.3	188.0	2,023.4	3,838.4
American Tobacco					
Carlton	20,732.4	12,576.5	—	7,191.8	964.1
Lucky Strike	15,077.1	8,412.1	—	4,457.3	2,207.7
Pall Mall	7,692.1	6,975.4	—	716.7	—
Liggett Group					
Eve	6,971.6	6,147.2	—	824.4	—

Source: Leading National Advertisers, Media Records

Outdoor ads match image

sitive and inured to price resistance.

Even worse in producers' eyes was that the price hikes caused more sales to curl in the direction of generics, or discounted smokes, a category pioneered by Liggett & Myers. This trend was greeted glumly by bottom-line conscious manufacturers. Ordinarily, a 1% share of market — generally regarded as a respectable showing for a brand — translates into sales of about $230 million, operating income often in the range of $42 million and profit margins of over 30%. But a 1% share at generic price levels is worth $184 million in revenues, and the profit margin is less than 10%.

Nevertheless, when the category began to take off, some producers decided to join in. Both R.J. Reynolds and Brown & Williamson are now fielding entries in the segment. RJR, for instance, has recast its Doral brand as a discount smoke. This flurry of activity, plus a recovering economy, has helped to steady industry sales. Consumption, which had fallen 5% in 1983, braked to an estimated .5% to 1% decline in 1984.

However, the low-priced segment's growth is now showing signs of shrinkage. Total share for the category, including both generics and discounted brands, has slipped to 4.8%, after peaking at 5.6% this past summer. Within the segment, Liggett's generics have been hardest hit: after zooming from obscurity to about 5% in three years' time, the company's share is currently hovering at 3.8%, according to Goldman Sachs analyst Jeffrey M. Weingarten.

The muddled market makes new brand introductions riskier than ever — there is no clear trend or segment grabbing marketers' imagination. The frenetic pace of new introductions during the past two years has helped boost industry marketing outlays well past the $1 billion mark, but has done little to illuminate consumer preferences. There are no shining stars in this youngest generation of branded smokes. The upscale positioning behind Lorillard's Satin (1983), Philip Morris' Players (1983), and RJR's Sterling (1984), among others, is already wearing thin — as their market shares pointedly show. Meanwhile, Brown & Williamson is testing the waters for a premium-priced brand. The company is selling its St. James Court in two West Coast test cities at different prices: In one, the brand costs $1.00, and in the other, about $1.20. But industry observers are skeptical of the segment's potential.

All in all, 1985 is likely to be a quieter year, a period of reassessment, if not retrenchment. "We're seeing a return to the norm," explains Smith Barney's analyst, Peter Enderlin. "Next year will see a settling down of the more competitive aspects in terms of

Profits margins for generic cigarettes are about 10%, compared with over 30% for branded smokes.

battles for market share. The companies are content to live with what they've got." Nowhere is this settling down more evident than in marketing expenditures — the weather vane of activity in this stagnating, and currently disorderly industry. Predictably, since 1983 saw a burst of new products, newspaper advertising continued at the strong level of spending in 1982. But this year, says a source at the Newspaper Advertising Bureau, cigarette company investment has dropped at least 30% — possibly even 50%. And newspapers aren't the only medium to feel the pinch: First half figures from Leading National Advertisers indicate sharply curtailed expenditures, clipped mainly from newer, disappointing brands than from established ones. The only company that doesn't seem to have sliced its budget dramatically is RJR, which is seemingly determined to push ahead with two new ventures (Century, a 25-pack at standard prices, and the upscale Sterling), as well as to boost two older brands (Vantage and Camel).

Clinging to upscale position

Yet the cigarette companies insist that only introductory budgets have been trimmed. Where then, is the money going? Some industry analysts point to promotions as a possibility. The net result of this cutback, though, has been a less innovative use of media. Already limited in their selection, the marketers have opted, overall, against experimentation, preferring to go by the numbers. One company executive explains that, in a period of declining consumption, the most efficient strategy is to simply follow the masses. Perhaps another reason is the disappointing result of a more targeted approach — such as the upscale magazines used by such brands as Sterling and Benson & Hedges Deluxe.

Philip Morris

The leading cigarette manufacturer seems unstoppable. By mid-1984, Philip Morris had widened its lead over runner-up R.J. Reynolds by another share point, for a total share of 34.5%. (Market share numbers are estimates by John C. Maxwell Jr., managing director of Laidlaw Ansbacher.) Though sales were only up modestly (.75%), profits in the U.S. Tobacco division

continue to grow at a 20% to 25% rate. The division, which accounts for 68% of total profits according to Salomon Brothers analyst Diana Temple, benefited from several factors: Philip Morris topped the mandated price hike with a little boost of its own. But the company's continued dominance in the market is the result of one factor alone: money. Philip Morris backed each brand with an average $52.7 million last year, compared with RJR's $43.7 million.

More importantly, in a year of changing tastes, is its strong franchise among 18- to 24-year-olds, where the company has a 56% share, and among 25- to 34-year-olds, where it has a 41% share. These younger segments are currently returning to full-flavor brands after sampling low-tar and ultra-light cigarettes. Observers attribute the shift to a desire for more flavor "satisfaction" than lighter brands give, compounded in the past year with a sense of 'value for the money.' Whatever the reason, the clear winner is number one brand, Marlboro, whose 21.1% share in the first half is up from 19.1% in 1983. Philip Morris backed its invitation to "Come to Marlboro Country" with $70.4 million in 1983, by far the largest expenditure behind a single brand. Slightly over half the budget ($38.9 million) went into magazines. Though the brand's spending has been toned down somewhat this year, magazines will get the bulk ($19.4 million) and the broad spectrum from women's fashion to men's magazines has not narrowed. But newspaper supplements, outdoor and newspapers haven't been as fortunate. The well-known cowboy still shows no signs of age: The sprightly brand has been increasing share almost without interruption for the past five years.

Philip Morris' next largest brand, Benson & Hedges, is maintaining its 4.8% share this year. The line was backed with $41.1 million in 1983; 1984 expenditures so far show little change in magazines ($11.7 million in the first half), supplements ($2.5 million), or outdoor ($2 million). But the spending behind the brand has shifted from the original 100's (once "America's favorite cigarette break"), to the newer members of the line-up. Hoping to capitalize on the now-floundering

Camel gets a boost in spending: "The smoker is stabilizing brand choices," says marketer Orlowsky.

upscale trend, the company put its weight behind the "Deluxe 100" lights and ultra-lights. The familiar promotion, Benson & Hedges' 100 Sweepstakes, now covers these two lines — with appropriately deluxe prizes.

Merit, which slipped again slightly, to 4.1%, is getting a boost from a new box package — a move marketers are favoring this year, instead of flashy new brands. Last year's $41 million investment is shifting into new media this year: Spending is backing an outdoor campaign, instead of print, a good fit for the brand's rugged image. Two other major brands didn't fare as well: Virginia Slims and Players saw their budgets tumble this year. Players, introduced with almost $64 million worth of hoopla last year, got less than $10 million of support in the first half of the year. The cutback comes at a time when the brand is having trouble maintaining the momentum of its introduction — could Philip Morris' unusual reluctance to spend signal imminent change for the troubled brand? Analysts speculate that the upscale image of "Players Go Places" wasn't enough to sustain interest in a brand whose taste didn't live up to the promise. In the first year out, Players scored a 1.2% share. Now, the brand is languishing with about .5%.

The company's next step is food for speculation. Jeffrey Weingarten, analyst at Goldman Sachs, noting several key executive changes — including the CEO, the president of the U.S. Tobacco division and the senior vice president and director of marketing, John T. Landry — says it's a new ball game at Philip Morris. "Before," he points out, "you knew what to expect from Philip Morris — the executives might change chairs, but it was always the same people. That's not the case anymore." Company executives declined to be interviewed for this article.

R.J. Reynolds

The company has been pursuing an aggressive policy of building the core consumer business, coincident with the $1.7 billion sale of its Aminoil subsidiary. RJR is expected to put its resources into a series of small acquisitions such as the $57 million purchase of Sunkist soft drinks. The U.S. tobacco division continues to contribute 40% to revenues, and 69% to operating income.

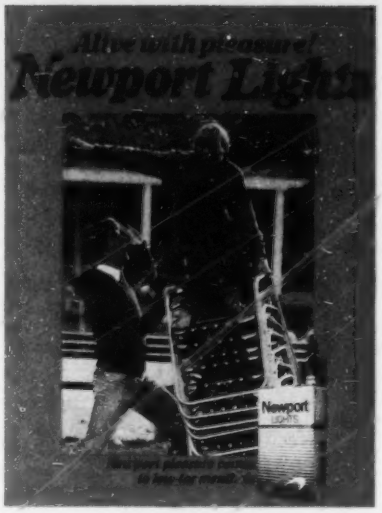
On the other hand, the division's market share numbers are less positive: RJR lost the number one title to Philip Morris in 1982, and saw its share slip again this year, to 32.4%. Noting that the company is focusing in areas other than cigarettes, Smith Barney's Peter Enderlin asserts, "They don't want the number one slot back." Martin Orlowsky, senior vice president of brand development, staunchly disagrees. He points to last year's $350 million advertising budget — which may even be topped this year. "We're not changing our strategy from the past two years," he insists, which means that the money will support brands at the regional level. Several key brands, including Camel and Vantage, are also getting a boost.

However, Winston, the company's flagship, isn't. Last year's $50 million in measured media is likely to be 20% lower this year, as is the support, which reached $45 million in 1983. Both of these brands are in their third year of share slippage: Winston, now at 12%, had a 13.4% share in 1981; similarly, Salem currently has an 8.2% share, compared with 1981's 8.9%. Analysts blame a lack of direction and poor positioning. Says Goldman Sachs' Weingarten, "RJR never found anything

that could top 'Winston tastes good like a cigarette should,' and they've been paying for it."

Instead, advertising support backs Vantage's "Taste of Success" campaign — a yuppie approach if there ever was one. And rightly so: smokers tend to be younger than the more traditional Winston consumer. First half spending in magazines, supplements and outdoor points to an almost 40% boost for the brand ($44 million, at least). Also getting the green light is Camel, whose rugged mountain climber takes a cigarette break outdoors and in magazines. The company is looking to consolidate support behind its Now brand ("Above all, the lowest"), though the low-tar segment is continuing its descent from 59% to 52% of the total market. Explains Orlowsky: "The smoker is stabilizing his brand choices. The decline in low-tar growth doesn't necessarily mean a return to the full-flavor brands. What we're seeing now is a more stable pattern of development — a sorting out of brand choices by tar levels."

The real action for RJR has been on another front, as the company tries out different pricing strategies. Each one of the company's major moves this year dealt with price and value, either directly, with Doral, the discount brand fielded this year, or indirectly, as in the case of Sterling, the class cigarette at the mass price. So far, it is too early to call any winners. Doral, priced at 85¢ per pack, is RJR's answer to the interest in generics with the value-added of being a legitimate brand. The company rushed to bring back the brand, virtually abandoned some years before, not only to capitalize on what seemed a growing segment, but also to defend itself from lower-priced smokes appealing to a similar audience as some of RJR's standbys. While the move further muddied the waters, it may have had a greater effect on competitors than on RJR itself. "It hasn't exactly set the world on fire," admits Orlowsky. Analyst Weingarten points out that the segment, now crowded with another RJR entry (Century, with 25 cigarettes for the price of 20), and several from Liggett and Brown & Williamson, has less than a 4.8% share. "Certainly, the generic segment is more competitive than it was a year ago," concedes Orlowsky.



New box pack gets spending boost

The company is turning its attention to another new product, Sterling. RJR's last two new brand ventures have not been successful. For instance, the $63 million launch for Bright in 1982-1983 turned up a modest .3% share — spending has since been halved. Now, Sterling ("Just a cigarette the way Porsche/Rolex/St.Moritz . . . is just a car/watch/resort") is proving problematic. Observers note that the upscale positioning may have run its course, with the economic health of the country. Even so, Orlowsky says the company will push ahead, despite a .5% share. "There won't be a radical image change," he says — which does not preclude expanding media out of the *Town & Country* stratum the brand has been seen in. And support continues to roll out at about $50 million annual rate.

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Brown & Williamson

It's been a busy time for the American arm of British BAT as well, as the company struggles to forestall further share erosion by fighting a multi-front battle. From a 1981 total share of 13.8%, Brown & Williamson has slid to 10.8%. Analysts have mixed opinions of the company's future. Some see the $125 million investment behind Barclay's 1981 introductions as a sure sign that BAT is committed to developing the American market. Other observers point to declining marketing

budgets since, and a disordered, fragmented marketing strategy as signs that the company lacks a unified direction.

B&W executive vice president Richard Blott cites the company's experiments with pricing during the years as an answer to critics who charge the company is standing pat. Certainly, the company seems to be covering every front -- not only to be in position for new segments that might open up, but also to defend low-income profile brands such as Raleigh (with a 1.1% share) and Viceroy (1.1%). The company's most acutely defensive tactic, a generic positioned head-on against Liggett & Myers' line, has gained the company a lawsuit from L&M, but little else. Another trial balloon is Richland, which joins the swelling ranks of 25-packs, supported by a $6 million budget. The most innovative move is just entering test: Brown & Williamson is trying to gauge whether the recent price increases have broken American resistance to a premium price cigarette. The St. James Court brand has just entered its second West Coast city, where it will be sold for an estimated 20% premium. Early reports from the first test site are not encouraging; slow sales are blamed on the product's taste.

Elsewhere, the company seems to be letting its older products languish. Kool capped a multi-year losing streak by being yanked from Cunningham & Walsh, taking several other brands (including Raleigh and Belair) with it. "These things often take a long time to build," was the only comment on the move from company spokesman, Mark Aharn. Yet while the company says it's been anxious for new opportunities, spending behind the leaders has virtually evaporated. Last year, for example, the company backed Barclay with $35 million. Since then, its .9% share has tripped to .7%, and so has the budget, to $12 million. Legal disputes over the brand's filter claim (giving the brand only 1 mg. of tar) haven't affected the positioning: new Ogilvy & Mather advertising reflects the original upscale stance. Kool has lost its advertising support as well, from $44.3 million in 1983 to little over $16 million now. Perhaps the new motorcycle rider campaign driven out by Doyle Dane Bernbach will be supported by a revved up budget. Of the company's best bet, Blott insists, "We're spending our marketing money evenly between the test brand, the generics, and our standard, established brands."

Lorillard

The company is focusing on its established brands, and neatly side-stepping the price controversy. Lorillard will probably end 1984 with only a slight corporate dip, to an 8.6% share. Tom Mau, senior vice president of advertising and brand management, isn't worried. "I don't see any specific established brands getting cut deeply," he says, adding, "we're in a good position to make inroads."

Lorillard's spending patterns are undergoing a slight shift this year, into the lower end of its low-tar spectrum, explains Mau. The company defines low-tar and full-flavor slightly differently from the rest of the industry: Where the industry tends to use 6 mg. of tar as the cut-off point for its "ultra-low" designation, and 15 mg. for "low tar," Lorillard uses the more liberal 7 to 8 mg., and 17 mg. points. So, says Mau, both Kent (ranging from 15 mg. down to 3 mg. for Kent III) and Newport (9 mg. to 20 mg.) are considered low-tar brands. In the past, spending has been heaviest behind the "parent" brand. This year, however, Lorillard has introduced three new box packages, and these have been getting the advertising attention: Newport, Newport Lights and Kent III. Mau is particularly encouraged by the Newport line's potential. The brand is getting a boost from 1983's $15.6 million to an estimated $20 million. Newport has been gaining share steadily, says Mau, and "it will be up again this year," to about 3.3%.

Not so Kent or True — both, says Mau, "will be down this year." And so is spending: Kent's estimated $12 million for 1984 is less than half 1983 levels. True's new advertising is aimed at slowing erosion, by discussing the "laser technology" in the filter that dispells the low taste myth about lighter cigarettes. But the effort has only gotten $1 million support since the beginning of the year — a far cry from the $18.3 million spent in 1983.

Mau observes that the nature of competitive activity in the cigarette industry is changing, away from a high volume of introductions, and toward a more fragmented battlefield. "There are more people trying different approaches," he notes, which range from packages to pricing ploys. "I think 1984 is a good barometer for 1985 and 1986: Everyone is probing the market for segments they can introduce brands into, but the activity is localized."

American Tobacco Company

"American Tobacco," says Smith Barney analyst, Peter Enderlin, "is

Market share, first half 1984

Company/Brand	Total
Philip Morris	34.5%
Marlboro	21.1%
Benson & Hedges	4.8%
Merit	4.1%
Virginia Slims	2.5%
Parliament	1.0%
Players	.5%
Saratoga	.3%
R.J. Reynolds	32.4%
Winston	12.0%
Salem	8.2%
Camel	4.6%
Vantage	3.6%
More	1.5%
Now	.7%
Bright	.3%
Century	.6%
Doral	.4%
Sterling	.5%
Brown & Williamson	10.8%
Kool	6.9%
Raleigh	1.2%
Viceroy	1.1%
Barclay	.7%
Belair	.8%
Lorillard	8.6%
Kent	3.4%
Newport	3.1%
True	1.2%
Satin	.4%
Old Gold	.3%
Max	.1%
American Tobacco	7.9%
Carlton	1.9%
Tareyton	1.1%
Pall Mall	3.8%
Lucky Strike	.9%
Liggett Group	5.8%
Generics	4.1%
L&M	.6%
Lark	.3%
Eve	.3%
Chesterfields	.5%

Source: John C. Maxwell, Jr.

willing to drift." And this certainly seems to be the case: The company's share has been on a long-term slide for 20 years, ever since American Tobacco diversified into American Brands. From a one time high of over 20%, it has bumped down to 7.9% in 1984. But director of marketing, William J. Moore, seems undisturbed. "This market," he says, "is worth pursuing in the way we are pursuing it."

That way means a major push behind Carlton, the company's leading brand (1.9%), with a new package design, 'slims' in a box. The new advertising invites smokers to "please try Carlton." Also getting a boost is the resurected Lucky Strike brand, now in 100's and Lights. How much these moves will be supported is another question — spending has been cut across the board. That support should be withdrawn from Pall Mall is predictable: The brand has an older, more loyal following. Still, based on first half expenditures, 1984 may come in at $34 million, down 22% from last year. "Yes, spending is leveling off, along with the industry," says Moore. He points out that the company is still shifting advertising weights where the action is — toward women, for example, who constitute much of Carlton's franchise. The way the industry looks now, adds Moore, "there's no point in coming out with a new brand, when our money is more efficiently spent against the names we have."

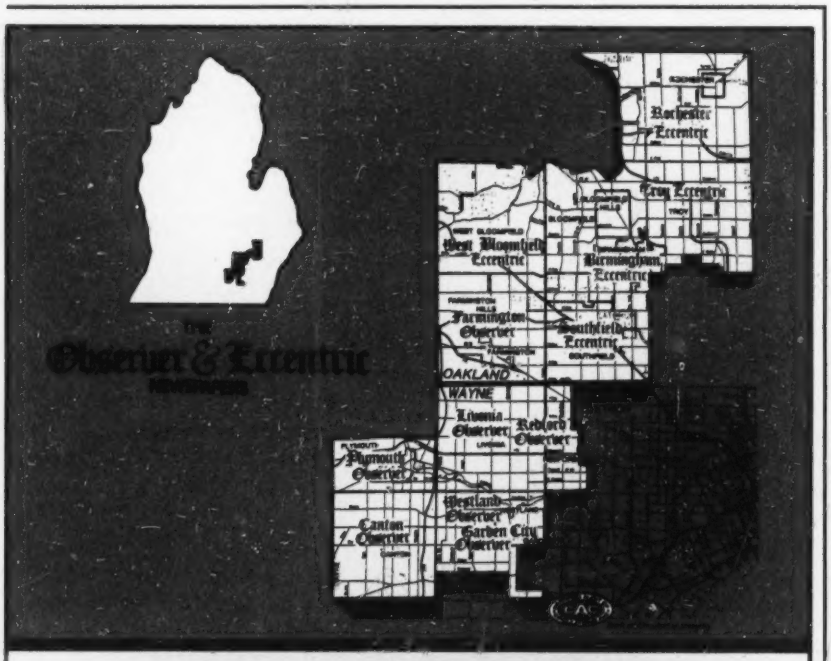
Liggett Group

All eyes focused on the Liggett Group this year, the industry's weakest player, who put some flex into its muscle with the sudden popularity of generics. Liggett's management attempted a leverage buyout earlier this year but the deal fell through, a consequence perhaps of increased competition in generics at a time when the category's popularity seems to be waning. Parent Grand Metropolitan will "have to hang in there a little longer, the moment for a buyout has passed," comments analyst Weingarten.

Nonetheless, says Harold Grant, vice president of sales and marketing, the company is eager to capitalize on its successes. He is confident generics are here to stay. But just in case, Liggett is developing other "excellent opportunities:" The company may field a premium priced product. Another possibility is Stride, introduced over the summer at a price between the discounts (85¢) and popular priced brands ($1.05). "There is a change in the consumer," explains Grant. "He's more self-reliant — the value-added concept is more important." Which is why, he stresses, there may be a niche for a premium price cigarette "in certain areas."

Along with these ambitious plans, Grant says the marketing budget will "at least double." This increase doesn't quite pit the company against the giants — Liggett spent $7.6 million last year, $6.9 million of which went behind Eve (introduced in 1980 to modest [illegible]). This year, says Grant, [illegible] will be split evenly between [illegible] the brands. First half figures, however, show only a slightly increased investment behind Eve — and that's all.

Laura Konrad Jereski



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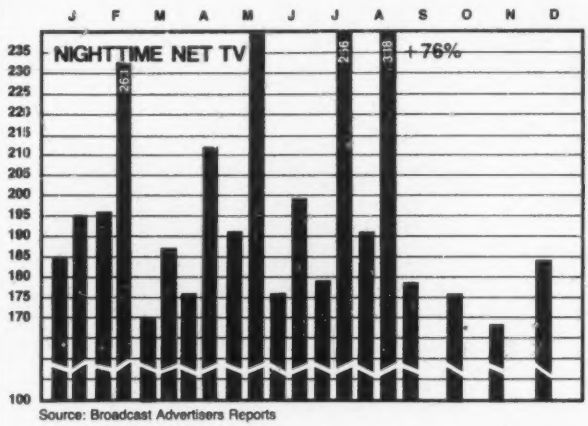
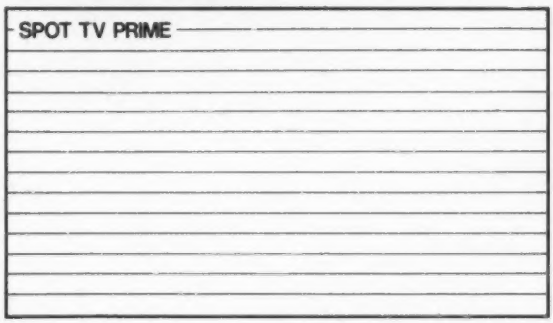
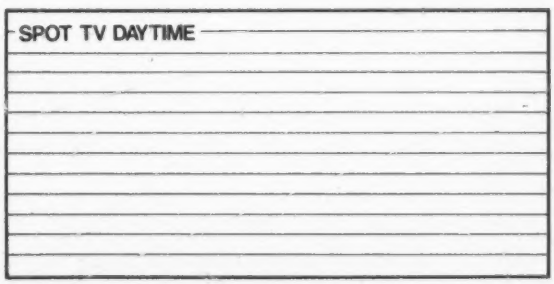
MEDIA COST INDEX

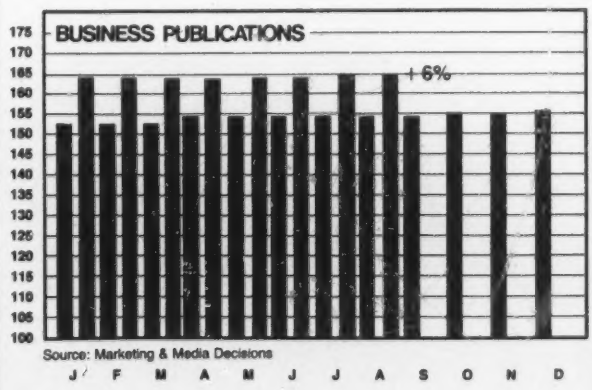
Black bars index for 1983; color bars 1984; base year 1977



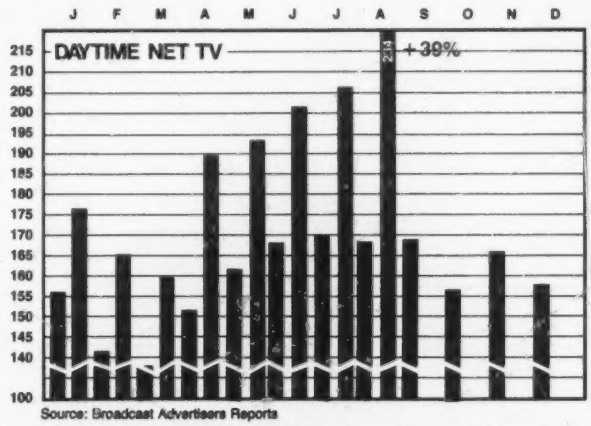
Source: Broadcast Advertisers Reports







Source: Marketing & Media Decisions



Source: Broadcast Advertisers Reports

The full impact of the Summer Olympics on **prime-time network tv** is reflected in *Decision*'s cost index for the month of August. In relation to the same month in 1983, the cost of the average 30-second spot in prime time was up 76% for August 1984. The July month-to-month increase was 43%, also reflecting the influence of the summer games. **Daytime network tv** showed a surprising 39% increase in August, having ranged in the area of 15% - 25% in the first half of the year.

The **national supplements,** which had been showing higher than average gains in 1984, settled down to a more normal reading of +9%, having caught up with the "catch-up" increase reported in August 1983.

Those **business papers** which have announced rate increases show a median increase of 8% with the range running from 2% to 11%. The 2% increase, incidentally, reflects a substantial drop in the cost of adding four color. Overall, the sample showed a 6% change.

After a surge of 5% in July, **network radio** dropped back to a +0% change in August. **Outdoor** seems to have settled in at +8%. **Consumer magazines** are showing a similar pattern, up 8% in August, and have ranged from +7% to +9% all year.

The cost compilation for **newspapers** is still held up by the change of costing on the basis of SAU units instead of the former line basis.

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

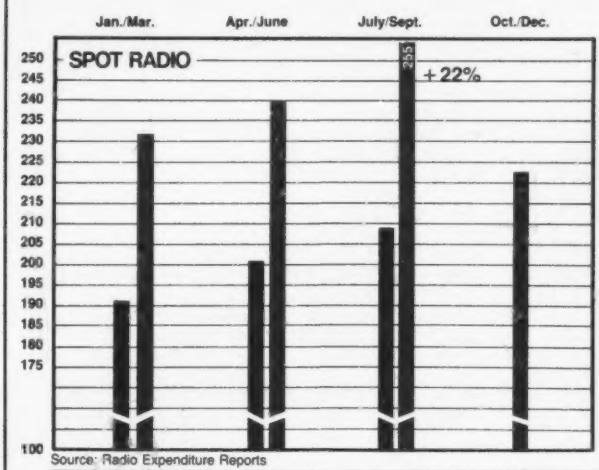
Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. **Spot radio** index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

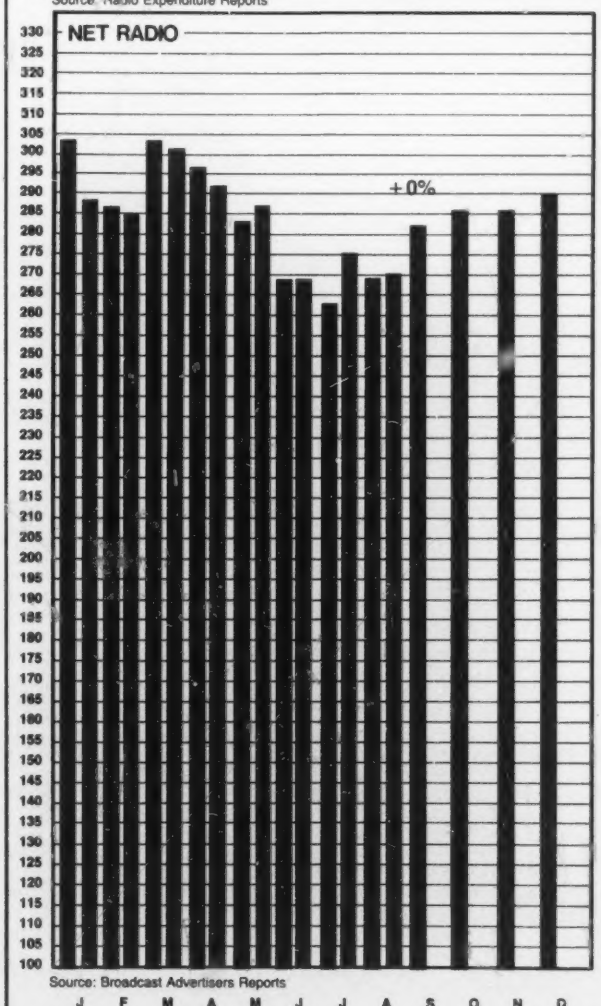
How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

MEDIA COST INDEX (continued)

Black bars index for 1983; color bars 1984; base year 1977



Source: Radio Expenditure Reports



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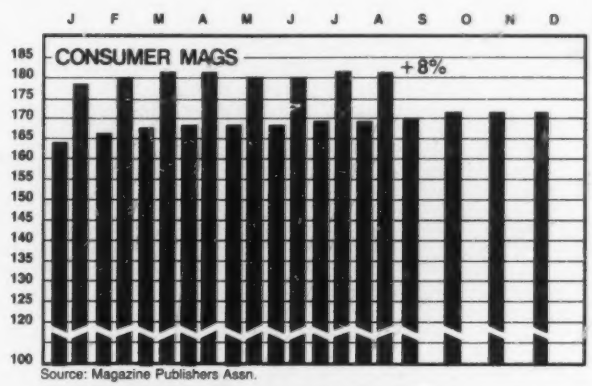
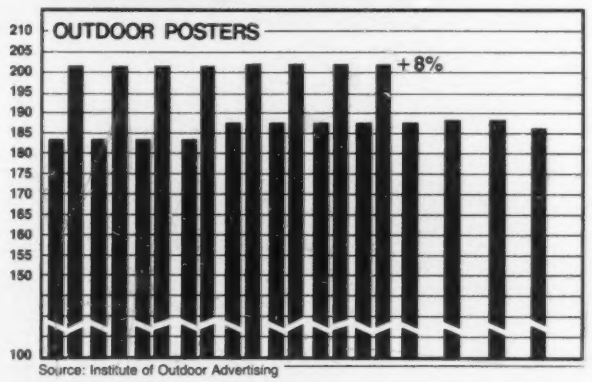
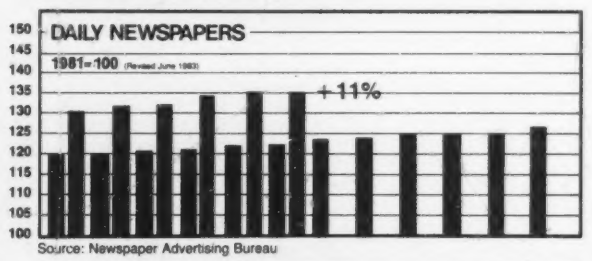


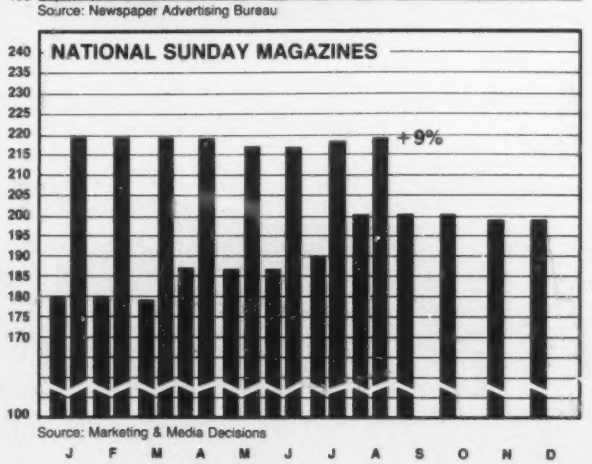
Source: Magazine Publishers Assn.



Source: Institute of Outdoor Advertising



Source: Newspaper Advertising Bureau



Source: Marketing & Media Decisions

woman's tongue, for her next trip to the States.

Conde Nast's stable of international editions also includes an Italian version of *Glamour* called *Lei*. And they walk *Brides Magazine* down the Atlantic aisle to *Bride & Setting Up Home* in Britain.

That *Cosmopolitan* girl gets around to Europe, South America, Japan and Australia. Be patient, Hong Kong, she's coming in December. And Denmark in March, 1985.

Steve Rebb, Revlon's international advertising manager, which mixes tv and print here, says, "Magazines are the biggest part of our schedule overseas. We use *Vogue, House & Garden, Harper's Bazaar, Cosmopolitan* and many local books."

On the male side

Playboy and *Penthouse* have many male fans overseas, including America's own overseas servicemen. Though their graphics need no translation, licensees are bringing them out in Japanese, German and Spanish.

VIP's round the world

Straddling the consumer-business line, and attracting advertisers from both camps, are books such as *Time* and *Newsweek*. But high technology advertisers (IBM, Wang), heavy industry (International Harvester, Caterpillar), financial (Citicorp, Bankers Trust) seek out the international editions of *Business Week, Fortune, Wall Street Journal, Scientific American* as well as the British *Economist* and the *International Herald Tribune*.

When talking to the VIP's in business, government and the professions, there's an argument over whether they can all be addressed in English. *Time* says they can; they're upscale, they're bilingual. *Time*'s managing editor, Ray Cave, says "*Time* is, and will remain, an American magazine bringing American perceptions to the world it covers." But the *Wall Street Journal*, though printed in English, maintains a complete news bureau in Europe and in Asia to publish two separate newspapers. *Scientific American*, while selling its English edition around the world, also translates editions into Italian, Japanese, Spanish, French, German, Chinese and Russian.

The *International Herald Tribune* prints its 157,000 English copies simultaneously in Paris, London, Zurich, the Hague, Marseilles, Hong Kong and Singapore.

The London-based *Economist* spreads some 250,000 English copies over 180 countries, printing in Singapore as well as the U.S.A. and Britain.

"NO SPEAK ENGLISH"

Percentage of respondents to Pan American Survey who reported "Poor/No English familiarity."

Belgium	16.7%
Denmark	12.7%
Germany	28.2%
Italy	54.5%
Netherlands	5.7%
Norway	7.3%
Spain	49.7%
Sweden	8.6%
Switzerland	29.8%
France	33.8%
Total sample, excluding UK/Eire	33.1%

But *Reader's Digest* insists that English is missing a significant part of even the upscale audience. Quoting from the Pan European Survey, which is the accepted study of high-demo Europeans, they spell out the readers for whom English is an unknown language: This ranges from 5.7% in the Netherlands to 54.5% in Italy (see box).

Newsweek, which prints everywhere in English, has just licensed TBS-Britannica to translate its Japanese edition.

Circulations are something less than comparable in overseas editions. Magazines printed by their own publishers, such as *Time, Business Week, Newsweek*, have ABC audits. *Scientific American*, which bolted ABC over a policy question, uses America's BPA. Conde Nast points out that France and Italy have their own alphabetical equivalents of ABC. Licensed editions give mostly publisher's estimates.

The accompanying table breaks the global market into eight geographic areas used in ABC statements. Only publications that expand to global proportions are shown. Certain American magazines are getting their feet wet in individual countries. *Inc. Magazine* has just licensed a Japanese firm to bring out a Japanese *Aspect/Inc*. In Japan, they're also testing a pilot edition of *High Tech*.

However, Vincent Tagliarino, international business manager of *Time*, says, "The global advertising pot hasn't grown over the past few years. In francs or marks, yes, but when you convert it back into the burgeoning American dollar, it's flat."

In addition to the consumer magazines, a number of industrial publications have worldwide markets.

Reading the rate card

That's an art to be mastered by specialists. The complexities of foreign exchange in this day of the soaring dollar demands media buying through a string of foreign agencies.

American media shouldn't be in as sad a competitive situation as other American products that are being priced out of world markets. Most foreign editions are produced abroad with local labor, though they use high-cost American editorial material. Conde Nast's rate card for its 20 editions and *Cosmopolitan*'s rates for all but Latin America are quoted in French francs, Greek drachmas, Deutsch marks, etc. The newsweeklies quote rates in dollars. But those dollars are based on the Dutch guilder where *Time* prints its Atlantic edition. Other editions convert to their local currencies.

Then comes the conversion into dollars for the home office, which makes *Time* call the advertising pot "flat."

The multi-national magazines break their total circulations into editions such as Atlantic, Pacific, Latin American. There are discounts for buying combinations of countries. There are extra discounts for combining the American and international editions. *Business Week* will give overseas advertisers a 40% discount for combining with its American edition.

Global advertising isn't just American advertisers covering overseas markets. As one newsweekly remarked: "Each of our foreign offices has a sales staff ready to sell the whole world."

Lionel Kaufman